

A UK-Africa trading partnership for the 21st century

Good morning everyone

I'm delighted to join you at the Africa debate.

You would have seen the recent, interview with the Ugandan entrepreneur Ham Serunjogi. He's the co-founder of Chipper Cash, an app that's allowing people across Africa to make and receive payments and invest their savings.

Today Chipper Cash has millions of users, across numerous countries. Last year its revenues stood at \$75 million.

However, when Ham first pitched his idea to a venture capital firm – he was quizzed about why he wasn't instead seeking donations or development funding.

I think this anecdote illustrates how still, too often, the image of African countries in people's minds is inaccurate, outdated and becoming more obsolete by the day.

Of course, this vast, diverse and dynamic Continent can never be defined in a few words:

Increasingly its story is one of modern cities – places like Lagos, Luanda and Kigali – where new tower blocks are springing up over the skyline and with young, energetic and educated citizens.

It's a story of a booming fintech industry. Major firms like Nigeria's Paystack, South Africa's Yoco, not to mention Chipper Cash, are connecting millions of consumers and entrepreneurs to the global financial system.

This is also a story of a continent that is a green energy pioneer.

Countries are turning to renewables to power their future growth instead of polluting fossil fuels and setting ambitious climate targets.

Of course, for too many people, in too many places, this latest chapter in Africa's story is yet to unfold.

Poverty, inequality, disparities in access to healthcare and education do still loom large. Bureaucracy and outdated systems can still stand in the way of economic growth.

Nonetheless, it's clear that the world needs to wake up to Africa's new and compelling narrative.

That is why, the UK is responding to the Continent's growth story with a bold trade strategy:

A strategy that is about building a sustainable, enduring and productive partnership.

A partnership in which we use trade's power to make dependable friends to strengthen the rules-based order.

This partnership is about truly understanding Africa's needs and exploring how our businesses can support them through projects that create jobs, support inclusion and sustainability and bring lasting value.

In turn this will build the Continent's economic strength, so that countries can command a fair price for their vast resources and their people's skills, that reflects their true worth.

Equally, our partnership is about opening up new opportunities for UK businesses to trade with one of the most dynamic parts of the world.

There can be no doubt that Africa is the future.

The IMF forecast that over the next five years, half of the world's ten fastest growing economies will be on the Continent.

By the end of this decade Africa's working age population will have grown by 30pc on 2020 levels. By contrast, Europe's will have contracted.

By 2085 Africa is forecast to be home to a third of the world's people.

So in short this is going to be an astonishing growth story and the opportunity is there for all to see.

If the UK is to future-proof its place as the most forward thinking and dynamic independent trading nation on earth, we must play our part.

So, what does that trading relationship and partnership look like in practice?

First, it's about investment. It's about the UK helping to power African countries' growth, both today and tomorrow, through its expertise and ideas.

As the Prime Minister has said, we aspire to be Africa's investor of choice.

And, I'm pleased to say that according to UNCTAD, our investment in the Continent is valued at £49 billion, that's more than any other nation.

This investment has continued to flow despite Covid19's impact and the shockwaves caused by Vladimir Putin's illegal invasion of Ukraine.

UK Export Finance has also committed more to the Continent than anywhere else in the world, supporting projects from the Cairo monorail to hospitals across Cote d'Ivoire.

The possibilities for partnership are endless – too many for me to cover in this speech.

So if I may, I'll focus today on one particular area, renewables:

In this, the year in which Egypt will be hosting COP27 – the question of how the Continent will power its astonishing growth and provide access to energy for all its people – has come under sharp focus.

Whether its wind power projects in Senegal, geothermal energy in Ethiopia, hydropower in Mozambique...as I mentioned earlier, increasing numbers of African countries believe that renewables could be part of the solution.

And UK firms, with their expertise in everything from smart grids to solar energy, are already leading the way in supporting transition.

We're not only the largest renewables investor in South Africa, we're involved in projects, big and small, covering every aspect of green technology.

Indeed, renewables projects have formed the greater part of DIT's investment support in Africa over the last year.

Wind turbines besides the Gulf of Suez are helping to power Egypt, as a result of a major investment from British investor, Actis.

In Mozambique, UK company Globeleq, has invested £20 million in solar energy and will soon develop a wind energy plant too.

While in Nigeria, Konexa, a British start-up, is pioneering a model of national grid optimization that could apply across the Continent. This will give people the confidence that when they click a switch, they'll have the power they need.

In addition, there are scores of new, innovative companies with expertise in everything from hydrogen to energy efficiency, looking at Africa investment opportunities.

Hive Energy – based in Hampshire – is one example.

It's part of a multi-billion investment in hydrogen and green ammonia production in South Africa. Technology by Sheffield based ITM Power is at the project's core.

There are huge opportunity for us to achieve even more together.

To make this happen we need to bring together people, finance and ideas.

In January this year, our second Africa Investment Conference did exactly that. It focused on how the UK can further support the Continent's transition towards cleaner growth.

We'll be building on this at the second UK-Africa Investment Summit next year.

More broadly, our DIT-led Africa Investors' Group, made up of UK investors small and large, is helping to identify ways in which our firms can support growth across the Continent.

For my part, I hope to visit again soon in the near future, to see this productive investment partnership in action.

Last year I had the privilege of seeing some amazing solar panels projects of investment in Malawi and Egypt, so I'm looking forward to going back as soon as I can.

The second element of the UK-Africa trading partnership is the need to ensure the free trade of goods and services.

Back to those extraordinary demographics: African nations rising populations are going to result in surging demand.

In fact, according to our analysis, Africa's import markets are forecast to undergo exponential growth – expanding more than five-fold from nearly \$700 billion in 2019, to \$3.9 trillion by 2050.

Again, this translates into extraordinary opportunities. We want to be able to position our businesses to seize those.

Clearly, to achieve this and to reduce costs for consumers and businesses in African countries, we need to remove trade barriers.

That's why when the UK left the EU, we have signed no fewer than nine trade agreements with 18 African nations.

These deals also offer us an opportunity to build our understanding of countries' ambitions and how we can respond to those needs.

However, Africa of course will truly come into its own economically when it trades more with itself. In 2019, trade between African nations, made up just 15% of trade on the Continent.

So, if the UK can be the partner helping Africa on this new course, we too, can grow with the Continent.

That is why we are enormous supporters of the African Continental Free Trade Area.

We see it as a game-changer and possibly the most exciting trade initiative globally.

The Free Trade Area will connect 1.3 billion people and economies with a combined GDP of \$3.4 trillion, through a single set of trading rules. This could boost intra African trade by over 50% and lift 100 million people out of poverty.

Last year, the UK became the first non-African country to sign an agreement with the Free Trade Area Secretariat...pledging to work with it on a range of areas including investment and trade facilitation.

In March I was delighted to invite Secretary General Wamkele Mene to the Department, to our department where we announced a UK programme to support

negotiations and the Free Trade Area implementation. I'll really like to take this opportunity to commend him for the way he is stewarding this incredibly important initiative.

Another key plan of the UK-African partnership is the fact that it exemplifies how trade as a force for good in the world.

Often when we talk about trade we understandably focus on the numbers, the exports, the imports, the investment. Yet we forget at our peril about the people behind those statistics – the jobs created, the businesses built, the lives changed.

But our human capital will always be our greatest asset.

So major UK firms investing in African countries, demonstrate that understand already.

The drinks manufacturer, Diageo, employs around 4,000 people across Africa.

It's also having a powerful positive impact on communities through its policy of using local suppliers, and helping its employees to gain new skills, which in turn benefits local economies.

Across the Continent, there are countless other, smaller yet no less significant examples – demonstrating how the UK's trading relationship with African countries is improving people's lives.

Take the farmers in Zimbabwe's Chimanimani Mountains who are rebuilding their communities after a devastating earthquake by selling their chilli crops to UK markets...

Or the hundreds of jobs generated by Bridgend-based manufacturer Nodor Group, in its factory outside Nairobi.

Those if you who are old enough will remember the TV show Bullseye and you might be interested to know, the factory makes dart boards for the biggest tournaments worldwide.

It goes without saying that increased UK-Africa trade also has the potential to be a real force for good for the UK. Access to new markets helps build strong businesses. Strong businesses generate prosperity for the whole country here to.

Equally, by establishing even closer trading links with African countries – we will open our economy to some of the most forward looking and entrepreneurial countries on earth.

This will build on the huge economic and cultural contribution of UK African communities to the UK.

So, the UK-Africa trade partnership offers us huge opportunities.

But there are still some countries on the outside looking in – effectively

barred from all these benefits.

These nations might have natural resources and talent in abundance but their path to prosperity is blocked by poverty, conflict, exploitative models and vested interests.

That's why we're going to introduce two initiatives which we hope will help:

First, we've confirmed plans to launch our ambitious Developing Countries Trading Scheme.

It introduces more generous, less bureaucratic trading rules, that reduce tariffs, simplify rules of origin and the requirements to access better tariff rates.

For UK businesses, the scheme strips away red-tape and cuts costs, through over £700 million worth of tariff reductions – incentivising firms to import goods from developing countries.

Secondly, to mark Her Majesty's 70 years as Head of the Commonwealth, in her Platinum Jubilee year, the Prime Minister announced a new initiative at the Commonwealth Heads of Government Meeting last month, called Platinum Partnerships, which will build closer trading ties between the UK and commonwealth countries.

While DCTS and Platinum Partnerships are focused on a country level – we also want to support individuals.

Those of you have heard before, my passion for female entrepreneurs, who I genuinely believe provides the economic backbone of many African countries, their creativity and development are sometimes constrained by factors like a lack of finance.

We know that equality opens the door to opportunity.

So, the UK is going to be joining forces ahead of the next UK-Africa Investment Summit with partner African organisations and institutions, to explore how we can find some solutions for this ongoing lack of finance for female entrepreneurs.

Ladies and gentlemen,

In October we will mark 75 years since the General Agreement on Tariffs (GAT) and Trade was signed in Geneva.

That agreement formed the foundation of the modern trading system that has done so much to increase prosperity around the world.

Today, I believe we are at another inflection point in the story of global trade – as the world's axis of economic growth pivots towards the economies of tomorrow... like those in Africa.

So Before us there is a new opportunity – for the UK and Africa to build an

extraordinary new trading partnership for the 21st century.

A partnership, in which we use trade's power to build deeper, lasting and creative connections between our peoples and businesses.

If we take full advantage of this opportunity, I have every confidence that we will together, not only increase prosperity and create new growth. We will make a real difference to millions of people's lives, today and for generations to come. Thank you.